

TENANTS & NEIGHBORS

Proposals for Administrative Reforms of the NYS Homes and Community Renewal Office of Rent Administration

Regarding Major Capital Improvement (MCI) Increases

- ◆ DHCR should advise tenants that if they need an extension to challenge and MCI increase, they can apply for it. They should also notify tenants how to challenge the application, and provide access to instructions in multiple languages.
- ◆ Currently, the tenant has to go to the owner to get a copy of the MCI increase application to review or file a FOIA request and pay a fee to get a copy from the DHCR. Instead, five copies of the owner's MCI application should be sent by DHCR to the tenant association to review. If no tenant association exists, a copy should be posted in a public place in the building.
- ◆ Owners should be required to apply for all available state grants that would cover or reduce the costs they want to pass along to tenants as MCIs. Only after they are denied such grants should they be permitted to file an MCI application.
- ◆ The landlord should be required to submit receipts for the work performed along with the original MCI application. Failure to do so should mean they have to start over with a new date. DHCR should have to review these receipts as part of the application review process and costs should fall within a range that the DHCR establishes as reasonable for the type of work performed. If costs are outside of that range, there should be an extra level of scrutiny of the application, including an inspection of the work. At a minimum, if DHCR will not agree to this, they should agree to do random audits of MCI applications.
- ◆ There should be clearly defined standards for what work qualifies as a Major Capital Improvement; it should not be at the discretion of the agency.
- ◆ There should be a monetary penalty for a willfully fraudulent MCI.
- ◆ Currently, an MCI rent increase is not approved if there is a DHCR finding of harassment outstanding on the building or if there is a DHCR issued building-wide rent reduction order in effect, based upon a decrease in services. This should be expanded to include instances when, instead of going to DHCR, the tenant has sued the landlord in housing court for harassment and the court has ruled in the tenant's favor, whether or not the tenant who sued the landlord lives in the building that has applied for an MCI increase.
- ◆ MCIs should not be retroactive. They should start from the date of the DHCR approval of the MCI.
- ◆ DHCR offers incentives to owners to submeter, so owners end up paying less for electricity and tenants generally more. This is not a benefit to tenants. In addition, state grants are often available to owners. So submetering should not be an MCI.
- ◆ Currently DHCR can deny the application in whole or in part, if the owner is not maintaining all required services, or if there are current immediately hazardous violations outstanding pursuant to any municipal, county, State or Federal law relating to the maintenance of such services. This should be changed to say that DHCR will deny the application in whole. It should also apply to all buildings the owner owns, not just the building for which s/he is applying for an MCI increase.
- ◆ An escrow account should be automatic in all buildings leaving Mitchell-Lama to pay for repairs and replacements that would otherwise be MCIs over the 5 years after the building has entered rent stabilization.
- ◆ Any work mandated as a precondition to the building leaving Mitchell-Lama should not qualify for an MCI.
- ◆ DHCR should agree to testify every year at the Rent Guidelines Board about the number of

units that have been deregulated, the number and amount of MCI increases, and the number of landlords that they know to have submitted fraudulent MCI applications.

Regarding Rent Overcharges

- ◆ Tenants should receive a complete rental history when they move into an apartment that has been rent stabilized within the last four years. They should also receive a fact sheet about ways that rents can be legally raised and a fact sheet about how to file a rent overcharge complaint.
- ◆ Tenants should be notified within two weeks, in writing, of DHCR's receipt of the rent overcharge complaint.
- ◆ Decisions about rent overcharge complaints should be made within 90 days. Currently, the process can take up to a year. If landlords willfully delay the process, there should be a monetary penalty. There should also be more detailed information available to the tenant about where the complaint is in the review process, ideally via the internet and by phone.

Regarding Rent Reduction Orders

- ◆ Landlords should have 30 days, rather than the current 45 days, to respond to tenant complaints.
- ◆ DHCR should expedite the rent reduction application process for tenants in buildings with high code violations. Tenants should have access to the status of the application both online and over the phone in the language they speak.
- ◆ There should be clear guidelines on what conditions correspond to a rent reduction.
- ◆ Before reduced rents are restored to their original level, DHCR should send an inspector to verify that the condition issue has been resolved.
- ◆ Currently, only tenants who sign onto building-wide rent reduction orders receive the rent decrease. The rent reduction order should apply to all tenants in the building.
- ◆ Landlords should not be allowed to continue to collect Major Capitol Improvement and Individual Apartment Improvement increases while a rent reduction order is in effect.